


CANADIAN GENERAL INVESTMENTS LIMITED

1969

Annual Report

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CANADIAN GENERAL INVESTMENTS LIMITED

Board of Directors _____

JOHN D. BARRINGTON

T. R. MEIGHEN, Q.C.

ALEX. E. BARRON

EDWARD F. RYAN

DAVID L. CAMPBELL

JOHN C. RYKERT

DOUGLAS N. KENDALL

J. ALLYN TAYLOR

A. BRUCE MATTHEWS, C.B.E., D.S.O.

DONALD C. WEBSTER

M. C. G. MEIGHEN, O.B.E.

DONALD J. A. WRIGHT

Officers _____

M. C. G. MEIGHEN, O.B.E. - *President*

ALEX. E. BARRON - *Vice-President and Treasurer*

E. LOUISE MORGAN - *Secretary*

Auditors _____

PRICE WATERHOUSE & CO. - *Toronto*

Registrar and Transfer Agent _____

THE CANADA TRUST COMPANY - *Toronto*

Office of Company _____

110 YONGE STREET, SUITE 1702 (Telephone 366-2932) - *Toronto*

CANADIAN GENERAL INVESTMENTS LIMITED

TO THE SHAREHOLDERS:

Your Directors have pleasure in submitting the Annual Report of your Company for the year ended December 31, 1969, consisting of the Balance Sheet, and Statements of Income, Retained Earnings, and Changes in Net Assets, all as reported upon by your Company's Auditors.

The Balance Sheet discloses that the total assets of the Company, as at December 31, 1969 amounted to \$93,845,603. From this amount should be deducted the total liabilities of the Company, namely, \$50,394, which leaves a net value of \$93,795,209. Based on the 960,941 common shares outstanding, as at December 31, 1969, each common share had an apparent equity value of approximately \$97.61.

The Statement of Income discloses that your Company, after paying all expenses, had net income for the year of \$2,795,574, which is equivalent to \$2.91 for each of the outstanding common shares.

During 1969 shareholders received stock dividends totalling \$2.40 per share in the form of immediately redeemable second preference shares as follows: 60¢ on March 27th; 60¢ on June 26th; 60¢ on September 29th and 60¢ on December 30th.

In May, 1969 Canadian General Investments Limited sold 169,000 common shares of Argus Corporation Limited to The Ravelston Corporation Limited. With the proceeds of the sale Canadian General Investments purchased 287,300 preference shares of the par value of \$10 each of Ravelston and 28,729 common shares. Prior to December 31, 1969 Ravelston redeemed 4,480 preference shares held by Canadian General Investments at \$10 per share.

As at December 31, 1969 Canadian General Investments held 282,820 preference shares of Ravelston out of 1,262,500 outstanding preference shares, or 22.4% and 28,729 common shares of Ravelston out of 128,250 outstanding common shares, or 22.4%.

The Ravelston Corporation Limited as of December 31, 1969 held 760,000 common voting shares of Argus Corporation Limited.

We record with deep regret the death on November 30, 1969, of Mr. Martin L. Wills. Mr. Wills was first elected to the Board of Directors in 1959 and was appointed a Vice-President in March, 1964. During his years of association with your Company he rendered invaluable service.

We also wish to record the resignation of Mr. Colin W. Webster of Montreal. Mr. Webster joined the Board of Directors in 1942 and has been of great assistance to the Board and the Management during the past 28 years.

We wish to advise you that at a Directors' meeting held on January 30, 1970, the Board appointed two new Directors, namely, Mr. Douglas N. Kendall and Mr. Donald C. Webster.

The portfolio of investments, as at December 31, 1969, is to be found at the back of this report.

Submitted on behalf of the Board.

M. C. G. Meighen

President

TORONTO, January 30, 1970.

C A N A D I A N G E N E R A L

Balance Sheet

Assets

	December 31	
	1969	1968
Investments at indicated market value (Notes 1 and 2):		
Securities having a quoted market value - - - - -	\$88,868,025	\$93,663,179
Securities not having a quoted market value - - - - -	3,285,610	123,622
	92,153,635	93,786,801
(Cost as at—		
December 31, 1969—\$40,089,544		
December 31, 1968—\$37,812,660)		
Cash in Bank - - - - -	1,691,968	2,671,702
	<u>\$93,845,603</u>	<u>\$96,458,503</u>

Liabilities and Shareholders' Equity

Income and Other Taxes Payable - - - - -	\$ 50,394	\$ 3,055
Shareholders' Equity:		
Capital stock—		
Authorized—		
48,109,186 3% non-cumulative non-voting preference shares with a par value of 20¢ each redeemable at the amount paid up thereon, after the issue and redemption during the year ended December 31, 1969 of 11,531,292 shares		
1,000,000 common shares without par value		
Issued and outstanding—		
960,941 common shares - - - - -	24,023,525	24,023,525
Unrealized gain on investments - - - - -	52,064,091	55,974,141
Retained earnings - - - - -	17,707,593	16,457,782
	93,795,209	96,455,448
	<u>\$93,845,603</u>	<u>\$96,458,503</u>

APPROVED ON BEHALF OF THE BOARD:

M. C. G. MEIGHEN, *Director*

D. J. A. WRIGHT, *Director*

Auditors' Report to the Shareholders of

CANADIAN GENERAL INVESTMENTS LIMITED:

We have examined the balance sheet of Canadian General Investments Limited as at December 31, 1969 and the statements of income, retained earnings and changes in net assets for the year then ended. Our examination included an inspection of share certificates and other evidence of the investments held by the company as at December 31, 1969 and a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and changes in net assets for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the change, with which we concur, referred to in Note 1 to the financial statements.

TORONTO, January 13, 1970.

PRICE WATERHOUSE & CO.
Chartered Accountants.

I N V E S T M E N T S L I M I T E D

Statement of Income

	Year ended December 31	
	1969	1968
Income:		
Dividends received - - - - -	\$ 2,970,135	\$ 2,938,894
Interest earned - - - - -	141,568	37,269
	<u>3,111,703</u>	<u>2,976,163</u>
Expense:		
Management fee - - - - -	241,138	188,772
Directors' fees - - - - -	5,600	6,200
Miscellaneous - - - - -	16,391	26,304
	<u>263,129</u>	<u>221,276</u>
Income before provision for income taxes - - - - -	2,848,574	2,754,887
Provision for income taxes - - - - -	53,000	6,000
Net income for the year - - - - -	<u>\$ 2,795,574</u>	<u>\$ 2,748,887</u>
Net income for the year per common share - - - - -	<u>\$2.91</u>	<u>\$2.86</u>

Statement of Retained Earnings

	Year ended December 31	
	1969	1968
Balance at beginning of year:		
As previously reported - - - - -	\$16,528,796	\$15,064,310
Adjustment of carrying value of investments (Note 1) - - - - -	(71,014)	(71,384)
As restated - - - - -	16,457,782	14,992,926
Net income for the year - - - - -	2,795,574	2,748,887
Gain on investments sold or redeemed - - - - -	1,114,081	1,376,096
	<u>20,367,437</u>	<u>19,117,909</u>
Dividends paid on common shares in preference shares subsequently redeemed -	2,306,258	2,306,258
Tax paid under Section 105(2) of the Income Tax Act - - - - -	353,586	353,869
	<u>2,659,844</u>	<u>2,660,127</u>
Balance at end of year - - - - -	<u>\$17,707,593</u>	<u>\$16,457,782</u>
Dividends paid per common share - - - - -	<u>\$2.40</u>	<u>\$2.40</u>

CANADIAN GENERAL INVESTMENTS LIMITED

Statement of Changes in Net Assets

	Year ended December 31	
	1969	1968
Net assets at beginning of year - - - - -	\$96,455,448	\$75,509,486
Add:		
Net income for the year - - - - -	2,795,574	2,748,887
Gain on investments sold or redeemed - - - - -	1,114,081	1,376,096
Increase in unrealized gain on investments - - - - -	—	19,481,106
	100,365,103	99,115,575
Less:		
Dividends paid - - - - -	2,306,258	2,306,258
Tax paid under Section 105(2) of the Income Tax Act - - - - -	353,586	353,869
Decrease in unrealized gain on investments - - - - -	3,910,050	—
	6,569,894	2,660,127
Net assets at end of year - - - - -	<u>\$93,795,209</u>	<u>\$96,455,448</u>
Gain on investments sold or redeemed:		
Cost of investments at beginning of year - - - - -	\$37,812,660	\$39,034,416
Add—Purchase of investments during year - - - - -	3,531,364	1,966,537
	41,344,024	41,000,953
Less—Cost of investments at end of year - - - - -	40,089,544	37,812,660
Cost of investments sold or redeemed during year - - - - -	1,254,480	3,188,293
Proceeds from sale or redemption of investments during year - - - - -	2,368,561	4,564,389
Gain on investments sold or redeemed - - - - -	<u>\$ 1,114,081</u>	<u>\$ 1,376,096</u>
Apparent liquidating value per common share:		
At beginning of year - - - - -	<u>\$100.38</u>	<u>\$ 78.58</u>
At end of year - - - - -	<u>\$ 97.61</u>	<u>\$100.38</u>

CANADIAN GENERAL INVESTMENTS LIMITED

Notes to the Financial Statements

DECEMBER 31, 1969

1. In 1969 the company adopted the practice of showing investments on the balance sheet at indicated market value with the difference between cost and indicated market value being shown in the shareholders' equity section of the balance sheet as unrealized gain on investments. For this purpose it was necessary to make a retroactive adjustment of \$71,014 to restate certain investments at cost and the 1968 figures have been similarly changed for comparative purposes as if this adjustment had been made as at the beginning of 1968 instead of 1969. These changes had no effect on the net income for the year or on the apparent liquidating value per common share.
 2. The indicated market values of quoted securities are the result of pricing the company's holdings at the closing quoted market prices as at December 31. Such amounts do not necessarily represent the value of the total holding in any company which may be more or less than that indicated by market quotations. Securities not having a quoted market value have been included at values determined by the directors based principally on the underlying value of the assets represented by these securities.
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CANADIAN GENERAL INVESTMENTS LIMITED

Summary by Industry

INDUSTRY	VALUE AS OF DEC. 31, 1969	PERCENT OF PORTFOLIO
Banks and Trust Companies - - - - -	\$13,298,375	14.4
Industrial Management - - - - -	11,358,550	12.3
Business Forms - - - - -	10,395,000	11.3
Steel - - - - -	8,567,500	9.3
Beverages - - - - -	7,664,250	8.3
Merchandising - - - - -	7,588,500	8.2
Investment Trusts - - - - -	7,498,000	8.2
Metals - - - - -	7,440,625	8.1
Packing - - - - -	4,500,000	4.9
Oils - - - - -	3,444,000	3.7
Forest Products - - - - -	2,490,185	2.7
Pipelines - - - - -	2,371,250	2.6
Miscellaneous - - - - -	2,002,650	2.2
Metal Products - - - - -	1,062,500	1.2
Utilities - - - - -	1,032,500	1.1
Finance - - - - -	759,625	.8
Textiles and Chemicals - - - - -	680,125	.7
	<hr/>	<hr/>
	\$92,153,635	100.0

CANADIAN GENERAL INVESTMENTS LIMITED

Portfolio of Investments

AS AT DECEMBER 31, 1969

No. of Shares		Total Market Value \$	% of Portfolio	No. of Shares		Total Market Value \$	% of Portfolio
	Banks and Trust Companies	13,298,475	14.4		Industrial Management	11,358,550	12.3
15,000	Bank of Montreal - - - -	253,125		730,000	Argus Corporation Class "C" Prefd. - -	8,121,250	
12,000	Bank of Nova Scotia - - - -	264,000					
675,000	Huron and Erie Mortgage Corporation - - - -	11,137,500		28,729	The Ravelston Corp. Ltd. -	409,100	
5,000	Provincial Bank of Canada - -	50,000		282,820	The Ravelston Corp. Ltd. Prefd.	2,828,200	
50,000	Royal Bank of Canada -	1,118,750					
20,000	Toronto-Dominion Bank - - -	475,000					
					Note: Argus Corporation holds shares in the following companies: British Columbia Forest Products, Dominion Stores, Domtar Limited, Hollinger Mines, Massey-Ferguson and Standard Broadcasting Corp. Ltd.		
	Beverages	7,664,250	8.3				
104,000	Distillers Corporation-Seagrams -	5,408,000			Investment Trusts	7,498,000	8.2
50,000	Hiram Walker-Gooderham and Worts - - - -	2,256,250		652,000	Third Canadian General Investment Trust - -	7,498,000	
	Business Forms	10,395,000	11.3				
280,000	Moore Corporation - - - -	10,395,000			Merchandising	7,588,500	8.2
	Finance	759,625	.8	65,125	Canadian Tire Corporation "A" Prefd. - - - -	4,428,500	
51,500	Industrial Acceptance Corporation	759,625		7,000	Cochrane-Dunlop Hardware -	245,000	
	Forest Products	2,490,185	2.7	120,000	Simpsons -	2,520,000	
20,000	Maclaren Power & Paper Class "A" - - - -	390,000		20,000	Woodward Stores Limited	395,000	
25,000	Maclaren Power & Paper Class "B" - - - -	550,000					
96,618	Maclaren 1.00 Prefd. - - -	48,310			Metal Products	1,062,500	1.2
45,000	MacMillan, Bloedel Ltd. - - -	1,501,875		100,000	Hayes Dana Ltd.	1,062,500	

CANADIAN GENERAL INVESTMENTS LIMITED

No. of Shares		Total Market Value \$	% of Portfolio	No. of Shares		Total Market Value \$	% of Portfolio
	Metals	7,440,625	8.1		Steel	8,567,500	9.3
	(a) Base Metals	2,868,750	3.1	220,000	Algoma Steel Corporation - -	2,942,500	
90,000	Cominco Limited - - - - -	2,868,750		150,000	Dominion Foundries & Steel - -	3,450,000	
				100,000	Steel Company of Canada - -	2,175,000	
	(b) Other Metals and Minerals	4,571,875	5.0				
60,000	Alcan Aluminium Ltd. - - - -	1,650,000			Textiles and Chemicals	680,125	.7
62,500	International Nickel Co. of Canada - - - - -	2,921,875		16,000	Canadian Industries - - - -	216,000	
				13,000	Dominion Textile - - - - -	164,125	
				20,000	Union Carbide - - - - -	300,000	
	Oils	3,444,000	3.7				
160,000	Imperial Oil - - - - -	2,760,000			Utilities	1,032,500	1.1
36,000	D. A. Stuart Oil - - - - -	684,000		70,000	Consumers' Gas - - - - -	1,032,500	
	Packing	4,500,000	4.9				
225,000	Canada Packers Limited - - -	4,500,000			Miscellaneous	2,002,650	2.2
	Pipelines	2,371,250	2.6	24,000	Southam Press Limited - - -	1,536,000	
80,000	Interprovincial Pipe Line - - -	1,880,000		6,765	Traders' Building Association -	284,130	
15,000	Trans-Canada Pipe Lines - - -	491,250		5,070	United Canadian Shares - - -	182,520	

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**THIRD CANADIAN GENERAL INVESTMENT
TRUST LIMITED**

110 YONGE STREET - SUITE 1702
TORONTO 1, ONTARIO

SEMI-ANNUAL REPORT

JUNE 30, 1969

BOARD OF DIRECTORS

ALEX E. BARRON
Vice-President and Treasurer

D. L. CAMPBELL

A. BRUCE MATTHEWS, C.B.E., D.S.O.

M. C. G. MEIGHEN, O.B.E.
President

T. R. MEIGHEN, Q.C.

E. LOUISE MORGAN
Secretary

MARTIN L. WILLS
Vice-President and Assistant Treasurer

D. J. A. WRIGHT

REGISTRAR AND TRANSFER AGENT
THE CANADA TRUST COMPANY
110 YONGE STREET
TORONTO 1

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

BALANCE SHEET

ASSETS	June 30	
	1969	1968
Investments in shares (Note 1):		
Securities having a quoted market value.....	\$13,545,396	\$13,690,833
(Value based on market quotations as at		
June 30, 1969—\$30,942,811		
June 30, 1968—\$25,801,431)		
Securities not having a quoted market value.....	218,085	—
	13,763,481	13,690,833
Short term securities, at cost plus accrued interest.....	201,849	236,802
Cash in bank.....	229,550	53,610
Securities sold.....	—	4,703
Income taxes recoverable.....	—	106
	<u>\$14,194,880</u>	<u>\$13,986,054</u>
LIABILITIES		
Dividend payable.....	\$ 36,283	\$ 36,548
Securities purchased.....	3,289	3,881
Income taxes payable.....	258	—
	39,830	40,429
Capital and Surplus:		
Capital Stock:		
Authorized—		
118,477 first preferred shares of the par value of \$50 each, issuable in series		
94,884,300 3% non-cumulative second preferred shares of the par value of 5¢ each redeemable at the amount paid up thereon, after the issue and redemption during the six months ended June 30, 1969 of 7,348,760 shares		
2,000,000 common shares of no par value		
Issued and outstanding—		
58,052 \$2.50 cumulative first preferred shares series "A" redeemable at \$52.50 per share.....	2,902,600	2,923,850
1,837,190 common shares.....	9,185,950	9,185,950
	12,088,550	12,109,800
Contributed Surplus, realized on purchase for cancellation of first preferred shares (including \$6,293 arising during the six months ended June 30, 1969)...	14,082	7,789
Retained earnings, including \$21,250 (1968—\$50,750) appropriated under Section 61 of the Canada Corporations Act.....	2,052,418	1,828,036
	<u>14,155,050</u>	<u>13,945,625</u>
	<u>\$14,194,880</u>	<u>\$13,986,054</u>

AUDITORS' REPORT

To the Directors of

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED:

We have examined the balance sheet of Third Canadian General Investment Trust Limited as at June 30, 1969 and the statements of income and expense, retained earnings and changes in net assets for the six months then ended. Our examination included an inspection of share certificates and other evidence of the investments held by the company as at June 30, 1969 and a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at June 30, 1969 and the results of its operations and changes in net assets for the six months then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TORONTO, July 7, 1969.

PRICE WATERHOUSE & CO.,
Chartered Accountants.

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

STATEMENT OF INCOME AND EXPENSE

	For the six months ended June 30	
	1969	1968
Income:		
Dividends received.....	\$ 549,085	\$ 533,968
Interest earned.....	9,908	5,694
	<u>558,993</u>	<u>539,662</u>
Expense:		
Management fee.....	39,540	31,866
Directors' fees.....	700	850
Miscellaneous.....	7,044	8,014
	<u>47,284</u>	<u>40,730</u>
Net income before provision for income taxes.....	511,709	498,932
Provision for income taxes.....	600	—
Net income for the period.....	<u>\$ 511,109</u>	<u>\$ 498,932</u>
Net income for the period per common share (after deducting preferred dividends).....	<u>\$.24</u>	<u>\$.23</u>

STATEMENT OF RETAINED EARNINGS

	For the six months ended June 30	
	1969	1968
Balance at beginning of period.....	\$1,945,898	\$1,724,612
Net income for the period.....	511,109	498,932
Net profit on investments sold.....	35,664	45,182
	<u>2,492,671</u>	<u>2,268,726</u>
Dividends paid or declared:		
On First Preferred Shares Series "A".....	72,815	73,252
On Common Shares in Second Preferred Shares subsequently redeemed...	367,438	367,438
	<u>440,253</u>	<u>440,690</u>
Balance at end of period.....	<u>\$2,052,418</u>	<u>\$1,828,036</u>

THIRD CANADIAN GENERAL INVESTMENT TRUST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 1969

1. The carrying value of investments in shares is as follows:

- (a) Shares purchased prior to 1951 are at cost or at market value in 1951 when a portion of the portfolio was written up to approximate market value as part of a capital re-organization.
- (b) Shares purchased since 1951 have been recorded at cost.

In addition, the above carrying values have been reduced by the allowances recorded prior to 1968 for depletion on securities where the Government of Canada granted such allowances.

Profits (or losses) on sales of investments have been taken at the difference between the proceeds received and the average net carrying value at the date of sale.

The indicated market values of portfolio holdings are the result of pricing the company's holdings at the closing quoted market prices as at June 30. Such amounts do not necessarily represent the value of the total holding in any company which may be more or less than that indicated by market quotations.

2. The 1968 figures have been restated for comparative purposes to reflect the directors' decision in the latter part of 1968 to discontinue the practice of providing for depletion on certain securities.

3. For purposes of calculating the apparent liquidating value per share, securities not having a quoted market value have been included at values determined by the directors based principally on the underlying value of the assets represented by these securities.

STATEMENT OF CHANGES IN NET ASSETS

	For the Six Months ended June 30	
	1969	1968
Net assets at beginning of period.....	\$14,063,487	\$13,852,603
Add—Net income for the period.....	511,109	498,932
Net profit on investments sold.....	35,664	45,182
Profit on purchase for cancellation of first preferred shares.....	6,293	3,348
	<u>14,616,553</u>	<u>14,400,065</u>
Less—		
Dividends paid or declared:		
On first preferred shares Series A.....	72,815	73,252
On common shares in second preferred shares (since redeemed).....	367,438	367,438
First preferred shares Series A purchased for cancellation.....	21,250	13,750
	<u>461,503</u>	<u>454,440</u>
Net assets at end of period.....	<u>\$14,155,050</u>	<u>\$13,945,625</u>
Net profit on investments sold:		
Investments in shares at beginning of period.....	\$13,716,902	\$13,626,276
Add—Purchase of investments during period.....	52,240	164,644
	<u>13,769,142</u>	<u>13,790,920</u>
Less—Investments in shares at end of period.....	13,763,481	13,690,833
Investments sold during period.....	5,661	100,087
Proceeds from sale of investments during period.....	41,325	145,269
Net profit on investments sold.....	<u>\$ 35,664</u>	<u>\$ 45,182</u>
Apparent liquidating value per common share (Note 3):		
(after deducting outstanding preferred shares at call price)		
At beginning of period.....	<u>\$15.55</u>	<u>\$12.20</u>
At end of period.....	<u>\$15.71</u>	<u>\$12.51</u>